

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**JOINT STATUS REPORT OF MOVANT AMBAC ASSURANCE CORPORATION
AND RESPONDENTS THE FINANCIAL OVERSIGHT AND MANAGEMENT
BOARD FOR PUERTO RICO, THE COMMONWEALTH OF PUERTO RICO,
AND THE PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY
AUTHORITY WITH RESPECT TO THE PENSIONS DISCOVERY MOTIONS**

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801).

To the Honorable United States Magistrate Judge Judith Gail Dein:

Movant Ambac Assurance Corporation (“Ambac”) and Respondents the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), the Commonwealth of Puerto Rico (the “Commonwealth”), by and through the Oversight Board as the Commonwealth’s representative pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), and the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF,” and together with the Oversight Board and the Commonwealth, the “Respondents”),² respectfully submit this joint status report in response to the Court’s April 17, 2020 Order (Dkt. No. 12863).

A. Procedural Background

1. Ambac filed its *Motion To Compel Pensions Discovery* (Dkt. No. 7505) and *Motion for Entry of Order Authorizing Discovery Under Bankruptcy Rule 2004* (Dkt. No. 7507) on July 18, 2019 (together, the “Pensions Discovery Motions”). Respondents filed their *Omnibus Opposition to the Pensions Discovery Motions* (Dkt. No. 7895) on July 9, 2019, and Ambac submitted its reply (Dkt No. 8230) on July 23, 2019. On October 23, 2019, Ambac requested additional information regarding the Commonwealth’s pension liabilities (the “Supplemental Pensions Requests”).

2. The Parties have filed previous motions seeking to adjourn the hearing on the Pensions Discovery Motions in order to allow the Parties to continue to meet and confer.³ The

² Movant and Respondents are collectively referred to as the “Parties.”

³ See Dkt. Nos. 8007, 8271, 8444, 8634, 8997, 9498, 10327, 12840.

Court has granted these requests.⁴ The Parties have filed joint status reports informing the Court of their progress during these continued meet and confers.⁵

3. The Parties' most recent joint status report was filed on April 16, 2020, which noted that Ambac agreed to send amended Supplemental Pensions Requests by May 15, 2020 and the Parties agreed to meet and confer on those requests by May 28, 2020 (Dkt. No. 12839).

4. The Parties also jointly filed an urgent motion (Dkt. No. 12840) seeking an order granting an adjournment of the hearing on the Pensions Discovery Motions in order to allow the Parties to continue to meet and confer. The Court granted the motion, adjourning the hearing on the Pensions Discovery Motions to the omnibus hearing scheduled for June 3, 2020 and ordering the Parties to submit a joint status report to the Court by May 28, 2020 (Dkt. No. 12863).

B. Update Since Previous Status Report

5. The Parties have continued to meet and confer to discuss the status of the collection, review, and production process.

6. On May 15, 2020, Ambac sent Respondents a letter via email that contained the amended Supplemental Pensions Requests. Ambac also identified issues it alleges remain outstanding with respect to the Pensions Discovery Motions. On May 26, 2020, Respondents sent Ambac a letter via email in response to the May 15 letter.

7. On May 26, 2020, the Parties met and conferred to discuss the outstanding requests under the Pensions Discovery Motions and the amended Supplemental Pensions Requests. Respondents advised that they would look into whether there are materials responsive to the outstanding requests under the Pensions Discovery Motions, and indicated that they were

⁴ See Dkt. Nos. 8017, 8291, 8447, 8638, 9006, 9518, 10376, 12863.

⁵ See Dkt. Nos. 8445, 8633, 8996, 9496, 10325, 11803.

amenable to producing available non-privileged materials subject to burden considerations. Respondents also indicated that while they were still in the process of reviewing the amended Supplemental Pensions Requests, they were open to producing available non-privileged materials, again subject to burden considerations. The Parties agreed to meet and confer on these requests by June 15, 2020. In addition, the Government Parties reiterated their request that the Pensions Discovery Motions be held in abeyance in light of, *inter alia*, the progress the Parties have made to date. Ambac declined this request, citing its concerns that, *inter alia*, taking the Pensions Discovery Motions off the active calendar would slow progress in resolving these issues, and that the Parties should aim to complete this discovery as expeditiously as feasible.

8. The Parties would propose to submit a further status report to the Court by July 23, 2020.

9. Accordingly, the Parties have filed, concurrently with this Joint Status Report, a joint motion requesting an adjournment of the hearing on the Pensions Discovery Motions to the omnibus hearing scheduled to take place on **July 29, 2020**.

[Remainder of page intentionally left blank]

Dated: May 28, 2020
San Juan, Puerto Rico

FERRAIUOLI LLC

By: /s/ Roberto Cámara-Fuertes
Roberto Cámara-Fuertes (USDC-PR No. 219002)
Sonia Colón (USDC-PR No. 213809)
221 Ponce de León Avenue, 5th Floor
San Juan, PR 00917
Telephone: (787) 766-7000
Facsimile: (787) 766-7001
Email: rcamara@ferraiuoli.com
scolon@ferraiuoli.com

MILBANK LLP

By: /s/ Atara Miller
Dennis F. Dunne
Andrew M. Leblanc
Atara Miller
Grant R. Mainland
(admitted *pro hac vice*)
55 Hudson Yards
New York, NY 10001
Telephone: (212) 530-5000
Facsimile: (212) 530-5219
Email: ddunne@milbank.com
aleblanc@milbank.com
amiller@milbank.com
gmainland@milbank.com

Attorneys for Ambac Assurance Corporation

/s/ Margaret A. Dale

Martin J. Bienenstock
Stephen L. Ratner
Timothy W. Mungovan
Paul V. Possinger
Margaret A. Dale
(Admitted *Pro Hac Vice*)
PROSKAUER ROSE LLP
Eleven Times Square
New York, NY 10036
Tel: (212) 969-3000
Fax: (212) 969-2900

Attorneys for the Financial Oversight and Management Board as representative for the Debtors

/s/ Hermann D. Bauer

Hermann D. Bauer (USDC No. 215205)
O'NEILL & BORGES LLC
250 Muñoz Rivera Ave., Suite 800
San Juan, PR 00918-1813
Tel: (787) 764-8181
Fax: (787) 753-8944

Co-Attorneys for the Financial Oversight and Management Board as representative for the Debtors

/s/ Peter Friedman

John J. Rapisardi
(Admitted *Pro Hac Vice*)
O'MELVENY & MYERS LLP
7 Times Square
New York, NY 10036
Tel: (212) 326-2000
Fax: (212) 326-2061

Peter Friedman
(Admitted *Pro Hac Vice*)
1625 Eye Street, NW
Washington, DC 20006
Tel: (202) 383-5300
Fax: (202) 383-5414

Elizabeth L. McKeen
Ashley M. Pavel
(Admitted *Pro Hac Vice*)
610 Newport Center Drive
17th Floor
Newport Beach, California 92660
Tel: (949) 823-6900
Fax: (949) 823-6994

Attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority

/s/ Luis C. Marini-Biaggi

Luis C. Marini-Biaggi
USDC No. 222301
Email: lmarini@mpmlawpr.com
Carolina Velaz-Rivero
USDC No. 300913
Email: cvelaz@mpmlawpr.com
MARINI PIETRANTONI MUÑIZ LLC
250 Ponce de León Ave.
Suite 900
San Juan, Puerto Rico 00918
Tel: (787) 705-2173
Fax: (787) 936-7494

Co-Attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority

CERTIFICATE OF SERVICE

I hereby certify that on this same date a true and exact copy of this notice was filed with the Clerk of Court using the CM/ECF system, which will notify a copy to counsel of record.

/s/ Roberto Cámara-Fuertes

Roberto Cámara-Fuertes (USDC-PR No. 219002)

221 Ponce de León Avenue, 5th Floor

San Juan, PR 00917

Telephone: (787) 766-7000

Facsimile: (787) 766-7001

Email: rcamara@ferraiuoli.com